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Counsel to the Official Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
CELSIUS NETWORK LLC, <i>et al.</i> , ¹)	Case No. 22-10964 (MG)
Debtors.)	(Jointly Administered)

**STATEMENT OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS REGARDING (I) THE RESIGNATION OF
ALEXANDER MASHINSKY AND (II) OTHER TRANSITION MATTERS**

¹ The Debtors in these chapter 11 cases and the last four digits of their federal tax identification number are as follows: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

The Official Committee of Unsecured Creditors (the “**Committee**”) appointed in the cases of the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) respectfully states as follows:

STATEMENT

1. Since its formation, the Committee has been focused on, among other things, promptly restructuring the Debtors’ business (whether through a sale, plan of reorganization, or other transaction) with the goal of maximizing recoveries to account holders and facilitating a timely in-kind distribution. The Committee has also been—and remains—committed to ensuring that the Debtors are appropriately managed. In this regard, the Committee commenced an investigation regarding, among other things, the Debtors’ prepetition conduct, including all transfers to executives and insiders in the year before July 13, 2022—the day these cases were commenced.

2. The Debtors and Mr. Mashinsky have begun to provide certain information in furtherance of the Committee’s investigation. After reviewing, among other things, the information provided, the Committee concluded that allowing Mr. Mashinsky to remain as CEO was unacceptable and not in the best interests of the estates, and that new executive leadership was required. The Committee also concluded that any restructuring plan associated with Mr. Mashinsky would likely face significant challenges.

3. Thereafter, the Committee demanded that the Special Committee of Celsius Network Ltd. (the “**Special Committee**”) remove Mr. Mashinsky as CEO and take other steps necessary to support an orderly transition. This morning, Mr. Mashinsky announced his resignation. The Committee believes that today’s announcement is a positive step that will allow

the Debtors, the Committee, and all other stakeholders to focus on moving these cases forward in a prompt and efficient manner.

4. The Debtors have elevated Chief Financial Officer Chris Ferraro as Chief Restructuring Officer and Interim Chief Executive Officer. Mr. Ferraro joined the Debtors in March 2022 and previously held senior executive positions in the financial services and commercial banking industries for over two decades. The Committee's advisors have spoken with Mr. Ferraro regarding his plans for Celsius and its operations. The Committee's professionals have also reviewed the communications involving Mr. Ferraro produced in discovery to date. The Committee believes, based upon the information it has reviewed, that Mr. Ferraro is capable of overseeing the Debtors' assets and affairs and looks forward to further dialogue with Mr. Ferraro, the Special Committee, and the Debtors' advisors regarding the next phase of the restructuring process.

5. Finally, the Committee and its professionals have seen that many Celsius employees continue to embody its original mission to provide transparency and service to the Celsius community. The Committee's professionals have seen those employees work hard to try to right the ship and protect and maximize value for account holders and unsecured creditors. Accordingly, the Committee's professionals are beginning to engage with the Debtors regarding appropriate steps to retain certain key, core employees to allow the Debtors to promptly complete their chapter 11 restructuring process. The Committee remains optimistic that a chapter 11 plan (whether contemplating a sale, a reorganization, or otherwise) is possible and that an open and transparent process will maximize value. To that end, the Committee has engaged in extensive dialogue with the Debtors' professionals on, among other things, sale and marketing

procedures designed to foster an open and competitive sale process, which the Committee expects the Debtors will file later this week.

6. For the avoidance of any doubt, the Committee intends to pursue any actionable claims against Mr. Mashinsky, other insiders, and any related parties for the benefit of all account holders and unsecured creditors. The rights of the Committee with respect to these chapter 11 cases, including any such claims or causes of action, are reserved.

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Dated: September 27, 2022
New York, New York

Respectfully submitted,

/s/ Gregory Pesce
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